



Bitcoin Investment

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Abstract

Bitcoin (BTC) is hot issue in investment field and finance industry last few years. It is the first decentralized digital currency, as the system works without a central bank or single administrator. The network is peer-to-peer and transactions take place between users directly, without an intermediary. Because of decentralized system, bitcoin trading price has high volatility it means high return and high risk. In this work, I did experiment to describe question type is how affect people's decision-making about one condition. Especially, Bitcoin case and why most of people lose money from trading.

Introduction

Bitcoin (BTC) is decentralized cryptocurrency payment system designed by Satoshi Nakamoto. The software-based currency was released to the public in 2009. Since then, updates and improvements have been made by a network of developers, partially funded by the Bitcoin Foundation. Since 2009, Bitcoin annually return was 78% and standard deviation was 86% which means high risk and high return investment. I did experiment to answer that question type is how affects human behavioral decision-making and can we take answer what we want.

Bitcoin charts



Expirement

Question : 1

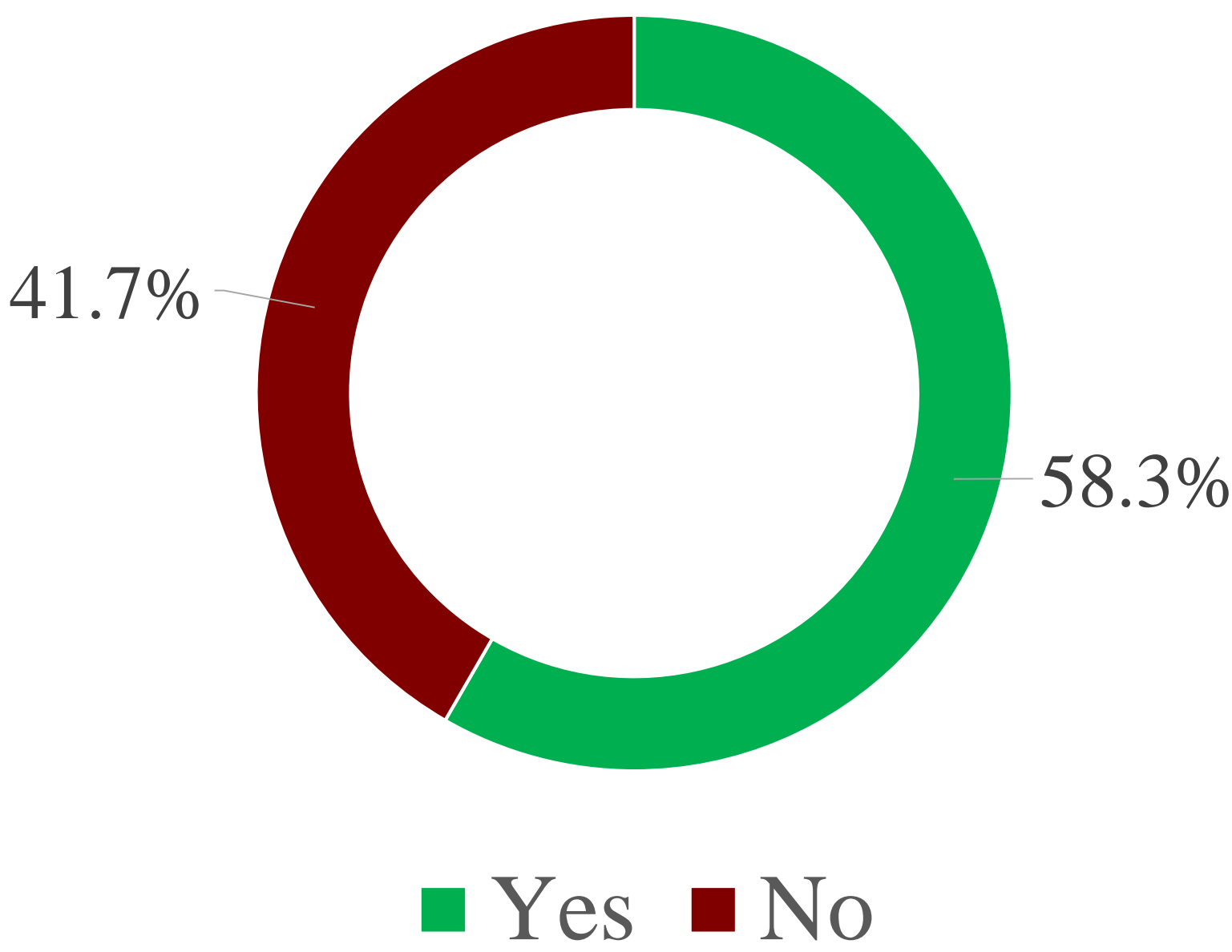
Would you invest in Bitcoin which increased 200 % over the last four months?

Question : 2

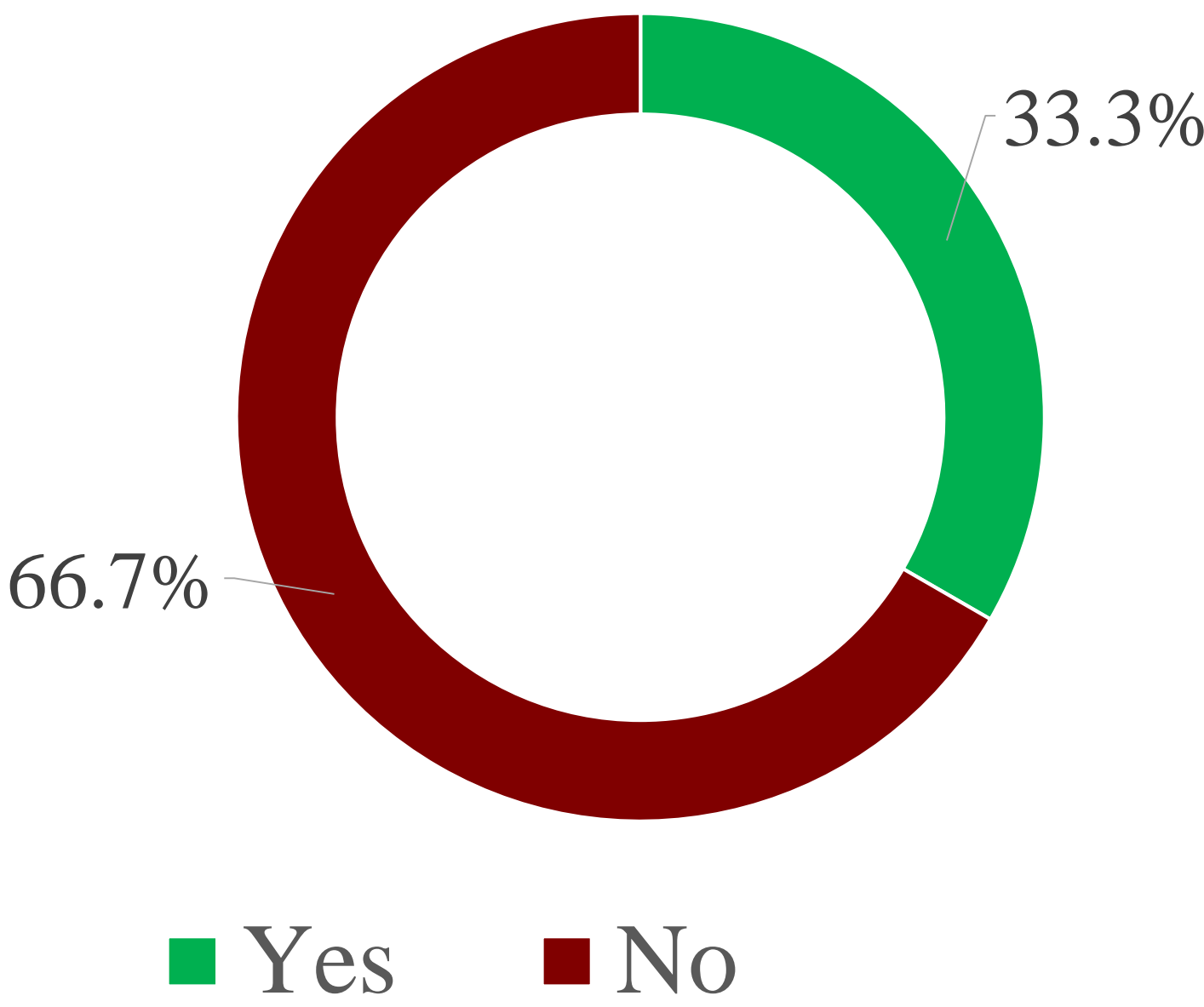
Would you invest in Bitcoin which decreased 70% over the last month?

I asked two questions about Bitcoin situation, one of them is about green arrow from Bitcoin charts and another one is about red arrow from Bitcoin charts. In addition, two question is based on fact and true information. A total of 24 were selected among class members of University of Bridgeport as the sample size for answering the below questionnaire. The present situation stated the human behavioral decision considering crypto currency investment influence of question types.

Would you invest after 200 % growth?



Would you invest after 70% drop?



Response and analysis

Q1 - 200% growth	Yes	No	Total
Response	7	5	12
Percentage	58.3%	41.7%	100.0%
Q2- 70 % drop			
Response	4	8	12
Percentage	33.3%	66.7%	100.0%

Conclusion

For question 1, 7 (58.3%) of them answered YES option ; which means they would invest and chasing up trend and they believe it will still grow because it is already had grown 200% last 4 months while 5 people (41.7%) decided to not invest for Bitcoin. For question 2, 4 (33.3 %) said they would invest Bitcoin while 8 (66.67 %) said they would not invest Bitcoin because they saw 70% drop which means they believe it will drop again because they chasing the down trend. In conclusion for experiment, the question type is affects human behavioral decision-making process particularly bitcoin investment. The trading main fundamental is buy low price then sell high price unfortunately people proved they try to chase trend what they saw.